

Creating Cool with Historic Preservation Tax Incentives





State Historic Preservation Office



Michigan Historical Center
Michigan Department of History, Arts &
Libraries



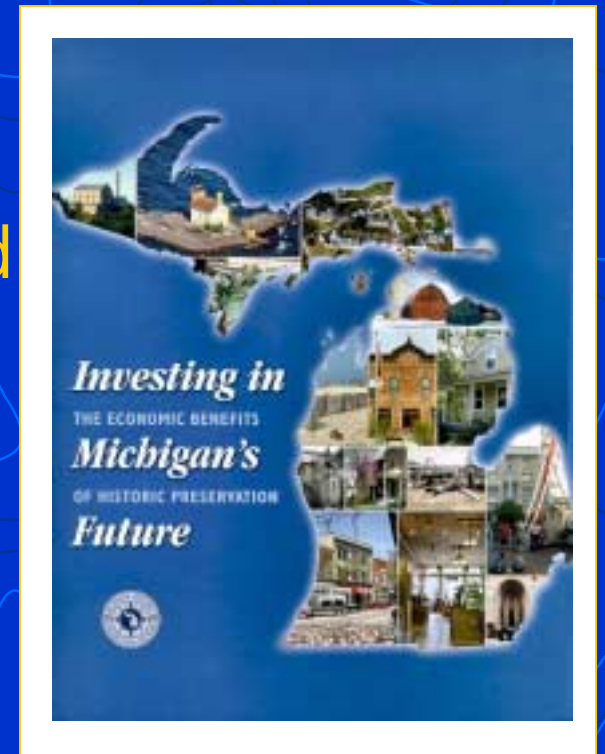
STATE HISTORIC PRESERVATION OFFICE PROGRAMS

- Designation
- Protection
- Incentives

www.michiganhistory.org

THE ECONOMIC BENEFITS OF HISTORIC PRESERVATION

- Preservation protects and revitalizes historic resources
- Preservation creates jobs and income
- Preservation benefits neighborhoods
- Preservation attracts Michigan visitors



Michigan Historic Preservation Network
Website: www.mhpn.org



Historic Resource

- Must be 50 years of age or older
- Building, Site, Structure, Object, or District
- Retains Integrity - Location, Design, Setting, Materials, Workmanship, Feeling, Association
- Significant based on architecture, events, or people



Historic Preservation Income Tax Incentives

- Federal Historic Preservation Tax Incentives
- Michigan's Historic Preservation Tax Incentives



FEDERAL TAX CREDITS

- Federal – 1986 Tax Reform Act
 - ◆ 10% Credit – Rehabilitation of non-historic buildings
 - ◆ 20% Credit – Rehabilitation of Historic Structures



FEDERAL TAX CREDITS

- 10% Credit – Rehabilitation of non-historic buildings:
 - ◆ Built prior to 1936
 - ◆ Non-residential
 - ◆ Rehab must be substantial



FEDERAL TAX CREDITS

- 20% Credit – Rehabilitation of historic structures:
 - ◆ Property must be depreciable
 - ◆ Rehab must be “substantial”
 - ◆ Building must be a “certified” historic resource
 - ◆ Rehab must be “certified”



20% FEDERAL TAX CREDITS CERTIFIED HISTORIC RESOURCE

- Individually listed in the National Register of Historic Places
- Contributes to the character of a registered historic district




20% FEDERAL TAX CREDITS CERTIFIED REHABILITATION

- Rehabilitation must conform to the *Secretary of the Interior's Standards for Rehabilitation*
- National Park Service website:
www.cr.nps.gov



20% FEDERAL TAX CREDITS

- Carry back 1 year, forward 20 years
- 5 year recapture period
- Syndicating (selling) the credit
- Combining the federal credit with other incentive programs
 - ◆ Low income housing tax credit
 - ◆ Brownfield Financing
 - ◆ CDBG



20% FEDERAL TAX CREDITS GETTING YOUR PROJECT APPROVED OR "CERTIFIED"

- Apply as soon as possible - preferably before beginning work
- Photograph the building inside and outside – before and after the project
- Read and follow the "Secretary of the Interior's Standards for Rehabilitation"



20% FEDERAL TAX CREDITS APPLICATION PROCESS

- State Historic Preservation Office – Reviews all Michigan projects
- National Park Service – Makes all final determinations
- Internal Revenue Service – Monitors credits



STATE TAX CREDITS

- State – Section 39a of the Single Business Tax Act (MCL 208.39a)
- State – Section 266 of the Income Tax Act of 1967 (MCL 206.266)
- 25% state income tax credit

www.michiganlegislature.org



STATE TAX CREDITS

HISTORIC RESOURCES

- The resource can be a building, structure, site, object, feature, or open space



STATE TAX CREDITS

HISTORIC RESOURCES

If the population of the unit of government is:

- Less than 5,000

- ◆ National Register of Historic Places

- ◆ State Register of Historic Sites

- ◆ Local historic district

- Greater than 5,000

- ◆ Located in a local historic district



STATE TAX CREDITS

ELIGIBLE RESOURCES

- Owner-occupied residences
- Income-producing commercial, industrial or residential resources



STATE TAX CREDITS

Certified Rehabilitation

- Rehabilitation must be in conformance with *The Secretary of the Interior's Standards for Rehabilitation*
- National Park Service website:
www.cr.nps.gov



STATE TAX CREDITS USING THE CREDIT

- Credit is claimed the year work is completed and certified by the SHPO
- Credit can be carried forward up to 10 years
- Credit is subject to a recapture period of 5 years



STATE TAX CREDITS APPLICATION PROCESS

- Administered by the State Historic Preservation Office and the Michigan Department of Treasury
- Certifications made by the SHPO
- The SHPO will notify the Department of Treasury of certifications



COMBINED TAX CREDITS

- Must apply for federal tax credits if eligible
- 20% federal credit + 5% state credit
- Complete the federal application form only

COMBINED TAX CREDIT PROJECT

GRACE CHRISTIAN
REFORMED CHURCH
612 S. PARK STREET
KALAMAZOO



Before Rehabilitation

GRACE CHRISTIAN REFORMED CHURCH 612 S. PARK STREET KALAMAZOO



Before Rehabilitation

GRACE CHRISTIAN
REFORMED
CHURCH 612 S.
PARK STREET
KALAMAZOO



After Rehabilitation

STATE TAX CREDIT PROJECT

921 W. LOVELL, KALAMAZOO



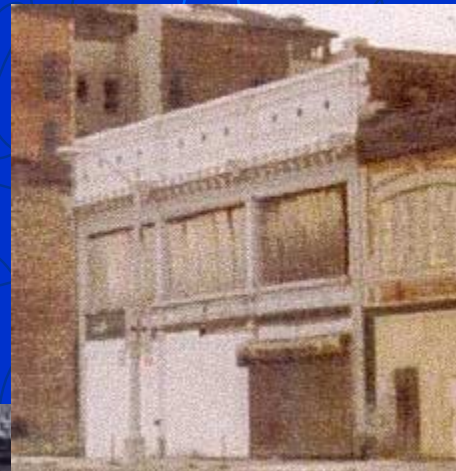
Before Rehabilitation



After Rehabilitation

STATE TAX CREDIT PROJECT

WALKER BROTHERS
CATERING CO.
BUILDING, DETROIT



Before Rehabilitation

STATE TAX CREDIT PROJECT

WALKER BROTHERS
CATERING CO.
BUILDING, DETROIT



After Rehabilitation





CONTACTS AND ADDITIONAL INFORMATION

- Federal or Combined Applications

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- State Applications

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